## Message Text

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**ACTION NEA-10** 

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

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FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 2136

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CONFIDENTIAL KATHMANDU 2936

E.O. 11652: GDS TAGS: PINT NP

SUBJECT: RUMORS OF PRIME MINISTER'S IMPENDING RESIGNATION

REF: KATHMANDU 2886

1. ACCORDING TO WIDESPREAD RUMOR PRIME MINISTER RIJAL MAY RESIGN SHORTLY AS RESULT OF GROWING CRITICISM IN NATIONAL PANCHAYAT, NOT ONLY CONCERNING HIS GOVERNMENT'S LACKLUSTER PERFORMANCE, BUT ALSO BECAUSE PANCHAYAT COMMISSION HAS OBTAINED "PROOF" OF PERSONAL CORRUPTION IN VARIOUS LAND DEALS RIJAL HAS CONCLUDED WHILE IN OFFICE. ONE VARIANT OF THIS STORY IS THAT RIJAL WAS TO HAVE RESIGNED MORNING OF JUNE 26 BUT DECLARATION OF STATE OF EMERGENCY IN INDIA GAVE PAUSE TO PALACE, WHICH DECIDED IT WAS INOPPORTUNE MOMENT TO CHANGE GOVERNMENT IN KATHMANDU.

2. COMMENT: RIJAL'S POLITICAL FUTURE HAS ALWAYS BEEN SHAKY AND RUMORS OF HIS RESIGNATION ARE AS MUCH THE RULE AS THE EXCEPTION, PARTICULARLY DURING SESSIONS OF PANCHAYAT. WE TEND, HOWEVER, TO GIVE CURRENT STORIES GREATER CREDENCE. IN THE FIRST INSTANCE PANCHAYAT CONFIDENCE IN CURRENT GOVERNMENT IS MINIMAL; CRITICISM NO LONGER STOPS AT THE RRIME MINISTER'S LEVEL BUT IS INCREASINGLY BEING DIRECTED AT KING AND HIS ADVISORS FOR TOLERATING RIJAL AS LONG AS CONFIDENTIAL

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THEY HAVE. SECONDLY, THERE APPEARS TO BE CONSIDERABLE

BASIS OF TRUTH IN THE CHARGE THAT RIJAL HAS AT LEAST BENT THE LAW IN OBTAINING PERMISSION FOR HIS FAMILY-OWNED CANNING COMPANY TO ACQUIRE LAND IN EXCESS OF THAT ALLOWED UNDER THE LAND REFORM ACT AND THAT HE HAS PERSONALLY BENEFITED FROM OTHER DEALS AS PRIME MINISTER. WHILE THE ACCUMULATION OF PERSONAL WEALTH SEEMS TO BE A NORMAL PERQUISITE OF THE OFFICE, THESE CHARGES, COUPLED WITH HIS ABORTIVE ATTEMPT TO OBTAIN GOVERNMENT FUNDING FOR A PRIME MINISTER'S SUMMER RESIDENCE, HAVE REDUCED WHAT LITTLE PUBLIC SUPPORT HE HAD TO THE POINT THAT THE PALACE MAY CONSIDER HIS CONTINUED TENURE A DISTINCT LIABILITY.

- 3. TO BE FAIR IT SHOULD BE NOTED THAT RIJAL HAS SURVIVED SIMILAR ATTACKS IN THE PAST AND HAS ENDURED AS PRIME MINISTER FAR LONGER THAN ANYONE THOUGHT POSSIBLE. HIS PROLONGED TENURE MAY ONLY BE THE RESULT OF THE FACT THAT THERE IS NO READY SUCCESSOR TO RIJAL, OR AT LEAST NO ONE WHO WOULD COMMAND MUCH MORE RESPECT. ALSO MITIGATING AGAINST A RESIGNATION AT THIS TIME IS THE FACT THAT RIJAL, AS CHAIRMAN OF THE PLANNING COMMISSION, HAS PARTICULAR RESPONSIBILITIES IN CONJUNCTION WITH THE NEW FIVE YEAR PLAN SCHEDULED TO BE ANNOUNCED NEXT WEEK.
- 4. TO CALL SITUATION A CRISIS OF CONFIDENCE PROBABLY ATTRIBUTES TO IT GREATER IMPORTANCE THAN IT DESERVES, BUT RIJAL (AND THE PALACE) MAY HAVE TO MOVE QUICKLY TO AVERT POLITICAL PROBLEMS WHICH WOULD BE CAUSED, FOR EXAMPLE, IF A VOTE OF "NO CONFIDENCE" WERE PROPOSED IN PANCHAYAT, A TACTIC WHICH IS BEING CONSIDERED BY SOME OF RIJAL'S OPPONENTS. HOWEVER, A RESIGNATION OF A GOVERNMENT FORMED JUST TWO MONTHS AGO WOULD BE AN ADMISSION OF WEAKNESS BY THE PALACE AND COULD STRENGTHEN THOSE IN THE LEGISLATURE WHO HAVE CALLED FOR A REFORM OF THE POLITICAL SYSTEM TO MAKE THE PRIME MINISTER AND CABINET RESPONSIBLE TO THE PANCHAYAT. QUAINTON

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